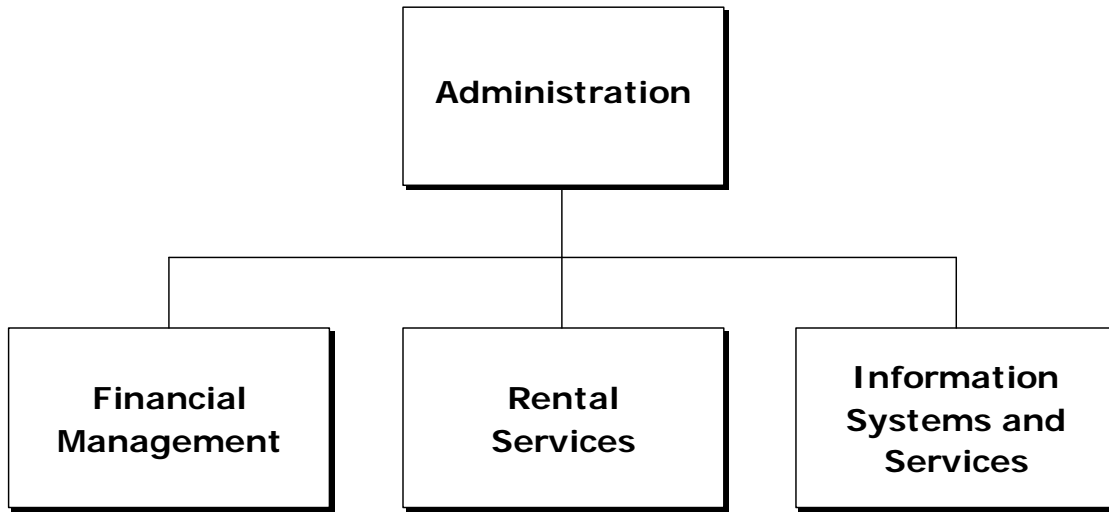


Fund 81510

Housing Choice Voucher Program



Mission

To ensure that participants in the Federal Housing Choice Voucher program are provided with decent, safe and affordable private market housing.

Focus

The Housing Choice Voucher (HCV) program is a Federal Housing Assistance Program for lower income families seeking housing in the private market place. As of FY 2016, the Fairfax County Redevelopment and Housing Authority (FCRHA) has 3,868 authorized vouchers. In FY 2014, the FCRHA was designated as a Moving to Work (MTW) agency. This designation includes the majority of the HCV program and the agency's federal Public Housing program, Fund 81520. Under the MTW designation, funds between the HCV and Public Housing programs are fungible. However, there are benchmarks within each program that must be met for program compliance and performance evaluation. Therefore, a decision to use the fungible nature of this program would only be considered once each program has met its annual benchmarks. HCV programs excluded from the MTW program are Family Unification Program (FUP), Non-Elderly Disabled (NEDS), and Veterans Affairs Supportive Housing (VASH).

The goal of the MTW program is to provide participants with the necessary tools through supportive services that will help them move along the housing continuum to self-sufficiency. The FCRHA will implement the MTW program through the THRIVE initiative (Total Housing Reinvention for Individual Success, Vital Services, and Economic Empowerment), allowing families to not only find an affordable and safe place to call home, but also be connected to services and supports that will help families succeed and become self-sufficient. In addition to providing housing options made available by the FCRHA, the THRIVE initiative will link families to services and programs offered by other County agencies or nonprofit organizations. These programs are designed to help families better manage their money, train for a new job, pursue college or other training, become a better parent, learn English, and perhaps even purchase a home.

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The FCRHA will continue to receive HCV annual funding from the United States Department of Housing and Urban Development (HUD). For the HCV portion of the program, HUD provides housing assistance subsidies to pay a portion of the family's rent to a private sector landlord. In most cases, the housing assistance subsidy provided for each tenant is the difference between 35 percent of the eligible family's income and a HUD-approved Fair Market Rent (FMR) for a housing unit, although FMRs are different for the HCV program and the project-based components of the program. The rent subsidy payments are made pursuant to a Housing Assistance Payments (HAP) Contract with the owner of the housing. Housing authorities administer the contract for these subsidy funds on behalf of HUD, which involves making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible and monitoring compliance with federal regulations. This is done pursuant to an Annual Contribution Contract between the FCRHA and HUD. In some cases, the subsidies are associated with a particular housing development known as project based rental assistance (PBRA). In other cases, they are transferable with the tenant known as tenant based rental assistance (TBRA). Private developers, local housing authorities and state housing finance agencies all participate in different aspects of the HCV program.

The Annual Contribution Contract between the FCRHA and HUD provides HUD established administrative fees for managing the program. The administrative fee earned is used to cover expenses associated with administering the HCV program. Within the Portability Program, one aspect of the HCV program, a tenant from another locality finds housing in Fairfax County and the FCRHA pays the subsidy portion of the rent on behalf of the originating housing authority. A subsequent reimbursement from the originating housing authority is received by the FCRHA as Portability Program Revenue to cover the subsidy payment as well as 80 percent of the originating Housing Authority's administrative fee to cover administrative costs.

The FY 2016 funding level of \$57,806,807 consists of housing assistance payments of \$53,593,911 and administrative expenses of \$4,212,896. The FY 2016 request for this program is based on projected leasing and current Calendar Year (CY) 2014 proration factors for HAP and Administrative Fees using HUD guidance for a MTW agency.

The FY 2016 revenue projection of \$58,088,616, an increase of \$3,133,116 over the FY 2015 Adopted Budget Plan, is primarily the result of \$4.28 million due to an increase in the Annual Contributions from HUD and a decrease in Portability leasing, which decreases Recovered Costs. The FY 2016 request is based on the current CY 2014 proration factors of 99.7 percent for HAP funding and 79 percent for Administration Fees earned. This is an increase over the FY 2015 Adopted Budget Plan, where funding was based on CY 2013 funding levels using CY 2013 proration factors of approximately 94 percent for HAP funding, and 68 percent for Administrative Fees earned. These proration factors determined by HUD are assumed to continue into CY 2015.

Current HUD guidelines indicate the final award will be higher than anticipated with a national proration factor of 99.8 percent of the eligible baseline funding for HAP funding. Subsequent to final federal approval of Fairfax County's actual award, appropriate revisions to the FY 2016 Fund 81510 budget will be made as part of the *FY 2015 Carryover Review* or a future quarterly review.

Fund 81510

Housing Choice Voucher Program

The current income limits for most components of the HCV Program as established by HUD, effective March 6, 2015 and currently in effect, are shown below:

Household Size	Very Low Income	Low Income
1	\$38,250	\$47,600
2	\$43,700	\$54,400
3	\$49,150	\$61,200
4	\$54,600	\$68,000
5	\$59,000	\$73,450
6	\$63,350	\$78,900
7	\$67,750	\$84,350
8+	\$72,100	\$89,800
FY 2016 SUMMARY OF PROJECTS		
PROJECTS		NUMBER OF UNITS
Consolidated Vouchers ¹		3,868
Total Contract P-2509 Fund 81510		3,868

¹ Actual number of vouchers issued may be lower than HUD-approved count due to local market conditions and funding limitations.

Fund 81510 covers the following components in FY 2016:

◆ **Housing Choice Vouchers – 3,868 issued through the FCRHA**

Under this component of the HCV housing program, local or state housing authorities contract with HUD for housing assistance payment subsidy funds and issue vouchers to eligible households who may lease any appropriately sized, standard quality rental unit from a participating landlord. The ability to fully lease authorized vouchers is contingent upon annual federal funding levels. In FY 2016, FCRHA is considering a competitive solicitation of Project Based Rental Assistance in order to create efficiencies in the HCV program, as well as provide financial stability to participating landlords and tenants.

- ◆ The housing authority maintains a waiting list of those seeking a Housing Choice Voucher, verifies applicant income eligibility before issuing a voucher, inspects the unit the family selects to ensure compliance with HCV Housing Quality Standards, computes the portion of rent the family must pay or the maximum subsidy, contracts with the landlord to pay the subsidy, recertifies eligibility annually, and maintains required financial records and reports. The owner of the housing (landlord), not the housing authority, selects the families to whom the landlord will rent, and renews or terminates the family's lease in accordance with the terms of the lease.

Fund 81510

Housing Choice Voucher Program

Budget and Staff Resources

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised	FY 2016 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$3,187,446	\$3,096,126	\$3,219,695	\$3,516,968	\$3,524,049
Operating Expenses	53,594,850	52,284,790	53,407,617	54,282,758	54,282,758
Total Expenditures	\$56,782,296	\$55,380,916	\$56,627,312	\$57,799,726	\$57,806,807
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Grant	39 / 39	39 / 39	39 / 39	39 / 39	39 / 39
<u>AFFORDABLE RENTAL HOUSING SUBSIDIES</u>					
3 Housing Services Specialists V		1 Network/Telecom. Analyst III		1 Administrative Assistant IV	
5 Housing Services Specialists III		1 Accountant II		2 Administrative Assistants III	
24 Housing Services Specialists II		1 Fraud Investigator		1 Administrative Assistant II	
<u>TOTAL POSITIONS</u>					
39 Grant Positions / 39.0 Grant FTE					

FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on April 28, 2015.

- ◆ **Employee Compensation** **\$111,470**

An increase of \$111,470 in Personnel Services includes \$29,954 for a 1.10 percent market rate adjustment (MRA) for all employees and \$81,516 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2015.
- ◆ **Other Post-Employment Benefits** **\$1,032**

An increase of \$1,032 in Personnel Services reflects required adjustments associated with providing Other Post-Employment Benefits (OPEBs) to retirees, including the Retiree Health Benefits Subsidy. For more information on Other Post-Employment Benefits, please refer to Fund 73030, OPEB Trust Fund, in Volume 2 of the FY 2016 Adopted Budget Plan.
- ◆ **Housing Assistance Program** **\$2,047,922**

An increase in the Housing Assistance Program of \$2,047,922 is associated with an increase in Housing Assistance Payments of \$3,179,626 due to an increase in the proration factors determined by HUD, offset by a decrease in Portability leasing payments of \$1,131,704.
- ◆ **Ongoing Administrative Expenses** **\$265,467**

An increase of \$265,467 in Ongoing Administrative Expenses is due to an increase of \$315,421 in Personnel Services primarily associated with project-based budgeting adjustments, and a decrease in anticipated Operating Expenses of \$49,954.

Fund 81510

Housing Choice Voucher Program

Changes to FY 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, FY 2015 Third Quarter Review, and all other approved changes through April 30, 2015.

- ◆ **Carryover Adjustments** **\$3,723,048**
As part of the *FY 2014 Carryover Review*, the Board of Supervisors approved funding of \$3,723,048, including an increase of \$3,179,626 in Housing Assistance Payment expenses to support leasing an additional 23 vouchers per month; phasing in a 35 percent Total Tenant Payment (TTP) for all tenants as part of their annual recertification with the exception of Veterans Affairs Supportive Housing, Homeownership, and Fixed Income clients; and, the implementation of a reduced Fair Market Rent for tenant unit transfers and new move-in. In addition, an increase of \$543,422 is associated with \$523,586 in increased Ongoing Administrative Expenses and \$19,836 for the carryover of FY 2014 encumbrances.

- ◆ **Third Quarter Adjustments** **(\$2,470,072)**
As part of the *FY 2015 Third Quarter Review*, the Board of Supervisors approved a decrease of \$2,470,072 associated primarily with a decrease in Housing Assistance Payments due to an anticipated decline in leasing activity in the Portability Program.

Fund 81510

Housing Choice Voucher Program

FUND STATEMENT

Fund 81510, Housing Choice Voucher Program

	FY 2014 Actual	FY 2015 Adopted Budget Plan	FY 2015 Revised Budget Plan	FY 2016 Advertised Budget Plan	FY 2016 Adopted Budget Plan
Beginning Balance	\$5,621,767	\$2,079,667	\$4,248,221	\$4,213,202	\$4,895,721
Revenue:					
Annual Contributions	\$48,812,164	\$46,661,829	\$51,059,476	\$50,944,759	\$50,944,759
Investment Income ¹	1,550	10,064	10,064	10,064	10,064
Portability Program	6,372,199	8,238,474	6,118,948	7,088,660	7,088,660
Miscellaneous Revenue	222,837	45,133	86,324	45,133	45,133
Total Revenue	\$55,408,750	\$54,955,500	\$57,274,812	\$58,088,616	\$58,088,616
Total Available	\$61,030,517	\$57,035,167	\$61,523,033	\$62,301,818	\$62,984,337
Expenditures:					
Housing Assistance Payments	\$53,064,631	\$51,545,989	\$52,248,963	\$53,593,911	\$53,593,911
Ongoing Admin. Expenses ¹	3,717,665	3,834,927	4,378,349	4,205,815	4,212,896
Total Expenditures	\$56,782,296	\$55,380,916	\$56,627,312	\$57,799,726	\$57,806,807
Total Disbursements	\$56,782,296	\$55,380,916	\$56,627,312	\$57,799,726	\$57,806,807
Ending Balance²	\$4,248,221	\$1,654,251	\$4,895,721	\$4,502,092	\$5,177,530
HAP Reserve ³	\$216,837	\$0	\$354,872	\$216,837	\$354,872
Operating Reserve	4,031,384	1,654,251	4,540,849	4,285,255	4,822,658
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments have been reflected as an increase of \$4,117.00 in FY 2014 revenues to record interest income and an increase of \$6,580.58 in FY 2014 expenditures to record accrued leave and adjustments to payroll accruals, to reclassify expenditures and to adjust operating expense accruals for accounting purposes. These audit adjustments were included in the FY 2014 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments were included in the FY 2015 Third Quarter Package.

² The fluctuations in the Ending Balance are primarily a result of projected adjustments in leasing trends and corresponding administrative expenses.

³ Based on the agency's Moving to Work status, there is no longer a requirement to separately track the Net Restricted Asset balance, also known as Housing Assistance Payment (HAP) Reserve. However, any unused funding for HAP for the non-Moving to Work vouchers such as Family Unification Program (FUP), Non Elderly Disabled (NEDs), and Veterans Affairs Supportive Housing (VASH) continue to be restricted and will continue to be reported as HAP Reserve.